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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 6, 2001

APPLICATION OF

DELMARVA POWER & LIGHT COMPANY

CASE NO. PUE000086

For approval of a plan
for functional separation

ORDER PRESCRIBING NOTICE AND INVITING
COMMENTS AND/OR REQUESTS FOR HEARING

On December 21, 2000, Delmarva Power & Light Company ("Delmarva" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to § 56-590 of the Code of Virginia and 20 VAC 5-202-40 B 8 of the Regulations Governing the Functional Separation of Incumbent Electric Utilities Under the Virginia Electric Utility Restructuring Act.¹ Delmarva supplemented its application on April 16, 2001, and again on June 29, 2001. Rule 20 VAC 5-202-40 B 8 addresses the incumbent electric utility's, i.e., Delmarva's, proposed unbundled tariffs, rates, and terms and conditions of service.

In its application, Delmarva has filed proposed retail access tariffs which, according to the Company, contain certain

¹ In this docket, the Commission has previously considered certain aspects of Delmarva's plan for functional separation, including the divestiture of the Company's electric generating units. See Final Order entered June 29, 2000, Doc. Con. Ctr. No. 000650198 in Case No. PUE000086.

revisions and additions to its current retail electric service tariffs, workpapers describing the development of its unbundled rates, proposed tariff changes relating to retail choice, and a proposed electricity supplier agreement between alternative energy suppliers and Delmarva. The Company represents that upon approval by the Commission, these rates and related tariff provisions would become effective January 1, 2002, and would replace the Company's current tariff "S.C.C. VA No. 7-Electric".

Attachment C to the Company's application includes a description of tariff rider changes for the Company's Energy for Tomorrow Rider, Peak Management Rider, and net energy metering rider. Further, as the Company explains in Attachment C to its application, the final base rates in this case, which become effective with the final divestiture of the Company's generation as approved by the Commission's Order dated June 29, 2000,² were adjusted by removing the Gross Receipts Tax, Special and Local Tax, and inserting the State Income Tax, as required by recent amendments to Virginia's tax laws. Delmarva represents that the method used to adjust each of the final base rates for the recent tax law changes is the same method that the Company used and filed with the Commission on October 30, 2000, for its compliance filing.

² See Final Order, Doc. Con. Ctr. No. 000650198 (June 29, 2000).

Attachment C-2 to the Company's application provides the Compliance Final Rate Design workpapers, as filed and approved by the Commission's June 29, 2000 Final Order. The Company also includes in Attachment C-3 to its application the development of the supply, transmission and distribution allocators used to unbundle the final bundled base rates as adjusted for taxes as shown in Attachment C-1 of the application. Attachment C-5 to the application includes the average annual "Shopping Credits" or "Price to Compares" for each of the Company's Service Classifications using data contained in Attachments C-3 and C-4 of the application.

Among the tariff revisions proposed by the Company are provisions governing a "minimum stay provision" for customers who purchase electric supply services from an electricity supplier other than the Company. For example, the Company proposes that when a customer, who is served under any service classification, other than Large General Service Secondary ("LGS-S") or General Service Primary ("GS-P"), has purchased its electric supply services from an electricity supplier, other than the Company, and returns to the Company for electric supply services for its account, the customer must remain with the Company's Standard Offer Service³ for at least twelve (12)

³ The Company's proposed tariff defines its Standard Offer Service as "electricity service which the Company must offer, until at least January 1,

billing months before the customer may be served by another electricity supplier beginning on the customer's scheduled meter reading date. Delmarva proposes that when a customer is served under the Company's LGS-S or GS-P service classification and has purchased its electric supply services from an electricity supplier other than the Company, and returns to the Company for electric supply service for its account, the customer must remain with Delmarva's Market Priced Supply Service for at least one billing month before the customer may be served by another electricity supplier beginning on the customer's scheduled meter reading date.⁴

The Company further proposes to include provisions in its proposed tariff addressing the distribution of the customer's metered and billing data. For example, Delmarva proposes to provide the customer's historical electric metered and billing data to the customer or its designee at the customer's expense. It proposes to charge \$5 per request for each customer's twelve months of historical metered and billing data. The charge

2004, to its customers who do not otherwise receive electricity from an Electricity Supplier".

⁴ The Commission is presently considering proposed rules governing customer minimum stay periods in Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: In the matter of establishing rules and regulations pursuant to the Virginia Electric Utility Restructuring Act for customer minimum stay periods, Case No. PUE010296; see May 15, 2001, Order Establishing Proceedings, Case No. PUE010296, Doc. Con. Ctr. No. 010530086.

proposed for each customer's month of interval data, if available and usually in the form of 15 minute interval metered data, is \$40 per request for the first month of interval data, plus \$10 for each additional month of interval data, up to \$150 for twelve months of interval data per request. Delmarva does not propose to charge for the customer's historical monthly or interval metered and billing data when initially distributed as part of the customer's retail competition enrollment package.

The Company also proposes to charge customers \$30 per meter for a meter reading of a non-interval meter on an unscheduled meter reading date. When a customer requests a meter reading of an interval meter on an unscheduled meter reading date, the Company proposes to charge the customer on a time and material basis per meter for that meter reading service. With regard to meter testing, the Company proposes to charge the customer \$75 for testing a non-interval meter if such a test is performed more frequently than once in twenty-four (24) months. Delmarva proposes to charge customers on a time and material basis for tests of interval meters.

Additionally, Delmarva has proposed a Market Priced Supply Service for customers served under LGS-S, GS-P or Transmission Discount Service and who have purchased their electric supply services from an electricity supplier other than the Company and who return to the Company for electric supply services for their

accounts. The Market Priced Supply Service charge is proposed to be the sum of a \$750 per month per customer account administration charge, a market hourly energy charge, and a market daily capacity charge. According to the Company, the market hourly energy prices and market daily capacity prices used for the Market Priced Supply Service are available on the PJM internet web site: www.pjm.com.

Delmarva also filed in its tariff a proposed "Electricity Supplier Agreement" that defines the operational relationship between the Company and competitive service providers for their provision of competitive generation service in the Company's territory. The "Electricity Supplier Agreement" addresses, for example, issues such as creditworthiness requirements, default, load obligation, allocation and energy scheduling, and supplier charges, billing, and payment. The details of these and other changes to Delmarva's Rules and Regulations of Service, Monthly Charges and Rates, Service Classifications and Riders are further described in Delmarva's application.

NOW THE COMMISSION, upon consideration of Delmarva's December 21, 2000 application, as supplemented by the Company, is of the opinion and finds that notice should be given of the Company's filing in this matter, and that interested parties should have the opportunity to comment and request a hearing on this application made pursuant to 20 VAC 5-202-40 B 8 of the

Regulations Governing the Functional Separation of Incumbent Electric Utilities Under the Virginia Electric Utility Restructuring Act ("the Act"). Under that Act and the Commission's regulations, Delmarva must obtain approval from the Commission for its unbundled rates, the retail access tariffs, and tariffs governing its relationship with competitive service providers.

Accordingly, IT IS ORDERED THAT:

(1) Delmarva shall promptly make a copy of its December 21, 2000 application and accompanying materials available to the public who may obtain copies at no charge, by making a request in writing to counsel for Delmarva, Guy T. Tripp, III, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. The December 21, 2000 application and other materials filed in this docket may also be reviewed during regular business hours, 8:15 a.m. to 5:00 p.m., Monday through Friday, at the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

(2) Any interested person may submit comments or requests for hearing on or before September 14, 2001, by filing such written comments and/or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O.

Box 2118, Richmond, Virginia 23218. Said comments or request for hearing shall refer to Case No. PUE000086. Any request for hearing shall set forth in detail the reasons why the issues raised by the request for hearing cannot adequately be addressed in written comments.

(3) Any person filing comments or filing a request for hearing shall also file, on or before September 14, 2001, a notice of participation in accordance with Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq.

(4) A copy of such comments, requests for hearing and notice of participation shall be mailed on or before September 14, 2001, to counsel for the Company, Guy T. Tripp, III, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074,

(5) The Commission Staff shall review the application and shall, on or before September 28, 2001, file a report that may take the form of testimony detailing the results of its investigation.

(6) Delmarva shall respond to written interrogatories within ten (10) calendar days after the receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq.

(7) On or before August 10, 2001, the Company shall publish the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
DELMARVA POWER & LIGHT COMPANY, FOR APPROVAL
OF UNBUNDLED TARIFFS, RATES, TERMS AND
CONDITIONS OF SERVICE, AND ELECTRICITY
SUPPLIER AGREEMENT-CASE NO. PUE000086

On December 21, 2000, Delmarva Power & Light Company ("Delmarva" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to § 56-590 of the Code of Virginia and 20 VAC 5-202-40 B 8 of the Commission's Regulations Governing the Functional Separation of Incumbent Electric Utilities Under the Virginia Electric Utility Restructuring Act (hereafter "the Act"). Rule 20 VAC 5-202-40 B 8 addresses an incumbent electric utility's, i.e., Delmarva's, proposed unbundled tariffs, rates, and terms and conditions of service. On April 16, 2001, the Company filed a supplement to its application.

In its application, as supplemented, Delmarva has filed proposed retail access tariffs, which according to the Company, contain certain revisions and additions to its current retail electric service tariffs, workpapers describing the development of its unbundled rates, proposed tariff changes related to retail choice, and the proposed electricity supplier agreement between alternative energy suppliers and Delmarva. The Company represents that upon approval by the Commission, these rates and related tariff provisions would become effective January 1, 2002.

Among the tariff revisions proposed by the Company are provisions governing a "minimum stay provision" for customers who purchase electric supply services from an electricity supplier other than the Company. For example, Delmarva proposes that when a customer, who is served under any service classifications, other than Large General Service Secondary ("LGS-S") or General Service Primary ("GS-P"), has purchased its electric supply services from an electricity supplier, other than the Company, and returns to the Company for electric supply services for its account, the customer must remain for at least twelve (12) billing months with the Company's Standard Offer Service, i.e., service the Company must offer, until at least January 1, 2004, to its customers who do not otherwise receive electricity from an electricity supplier other than the Company, before the customer may be served by another electricity supplier beginning on the customer's scheduled meter reading date. When a customer is served under the Company's LGS-S or GS-P service classification and has purchased its electric supply service from an electricity supplier other than the Company, and returns to the Company for electric supply service, for its account, the customer must remain with Delmarva's Market Priced Supply Service for at least one billing month before the customer may be served by another electricity supplier beginning on the customer's scheduled meter reading date.

Additional changes the Company proposes to its tariffs include the provision of the customer's historical electric metered and billing data to the customer or its designee at the customer's expense. Delmarva proposes to charge \$5 per request for each of the customer's twelve months of historical metered and billing data. The charge proposed for each customer's month of interval data, if available and usually in

the form of 15 minute interval metered data, is \$40 per request for the first month of interval data, plus \$10 for each additional month of interval data, up to \$150 for twelve months of interval data per request. Delmarva does not propose to charge for the customer's historical monthly or interval metered and billing data when initially distributed as part of the customer's retail competition enrollment package.

Delmarva has also proposed a Market Priced Supply Service for customers served under Large General Service Secondary ("LGS-S"), General Service Primary ("GS-P") or Transmission Discount Service and who have purchased their electric supply services from an electricity supplier other than the Company and who returns to the Company for electric supply services for its account. The Market Priced Supply Service charge is proposed to be the sum of a \$750 per month per customer account administration charge, a market hourly energy charge, and a market daily capacity charge.

Delmarva also filed in its tariffs a proposed "Electricity Supplier Agreement" that defines the operational relationship between the Company and competitive service providers for their provision of competitive generation service in the Company's territory. The "Electricity Supplier Agreement" addresses, for example, issues such as creditworthiness requirements, default, load obligation, allocation and energy scheduling, and supplier charges, billing, and payment. The details of these and other Company proposals are set out in the Company's application, as supplemented. Interested persons are encouraged to review the application, as supplemented, for the details of these and other Company proposals.

A copy of the captioned application is available for inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia. The application and accompanying documents may also be requested in writing from Delmarva's counsel at the address noted below.

Comments on the application or requests for hearing must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before September 14, 2001, referring to Case No. PUE000086, and shall also be served on or before September 14, 2001, on Delmarva's counsel at the address noted below. Requests for hearing shall state why a hearing is necessary and why issues requiring hearing cannot be adequately addressed in written comments. Any person filing comments or a request for hearing shall also file on or before September 14, 2001, with the Clerk of the Commission and Delmarva's counsel a notice of participation, as required by Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure.

All correspondence should refer to Case No. PUE000086. A copy of any comments or request for hearing and notice of participation must also be sent on or before September 14, 2001, to counsel for Delmarva as follows: Guy T. Tripp, III, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

If no sufficient request for hearing is received, a formal hearing might not be held.

Interested persons may obtain a copy of the Commission's July 6, 2001 Order Prescribing Notice and Inviting Comments and/or Requests for Hearing setting forth the complete procedural schedule applicable thereto, from the Commission's web site, <http://www.state.va.us/scc/caseinfo/orders.htm>, or by directing a written request for a copy of the same to Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and referring to Case No. PUE000086.

DELMARVA POWER & LIGHT COMPANY

(8) On or before August 10, 2001, the Company shall serve a copy of this Order upon the governmental entities within its service territory as follows: (i) upon the chairman of the board of supervisors of any county, (ii) upon the mayor or manager of any county or city, or (iii) upon officials comparable to the foregoing within counties, cities, or towns having alternate forms of governments. Service shall be made by first-class mail, or by delivery to the customary place of business or the residence of the person served.

(9) On or before October 12, 2001, the Company and any interested person may file with the Clerk of the Commission any response to Staff's report.

(10) On or before October 19, 2001, the Company shall file with the Clerk of the Commission proof of the notice and service required by ordering paragraphs (7) and (8).

(11) This matter is continued pending further order of the Commission.